

**IN THE SUPERIOR COURT OF THE STATE OF DELAWARE**  
**IN AND FOR NEW CASTLE COUNTY**

REMBRANDT TECHNOLOGIES,	)	
L.P.,	)	
	)	
Plaintiff,	)	
	)	
v.	)	C.A. No. 07C-09-059-JRS
	)	
HARRIS CORPORATION,	)	
a Delaware corporation,	)	
	)	
Defendant.	)	

Date Submitted: August 27, 2008  
Date Decided: February 12, 2009

**MEMORANDUM OPINION**

*Upon Consideration of Defendant's  
Motion to Compel.*  
**DENIED.**

Collins J. Seitz, Jr., Esquire, Matthew F. Boyer, Esquire and Christos T. Adamopoulos, Esquire, CONNOLLY BOVE LODGE & HUTZ, LLP, Wilmington, Delaware. Attorneys for Plaintiff.

Philip A. Rovner, Esquire and Sarah E. Diluzio, Esquire, POTTER ANDERSON & CORROON LLP, Wilmington, Delaware; Henry C. Bunsow, Esquire and Karin Kramer, Esquire, HOWREY LLP, San Francisco, California. Attorneys for Defendant.

Robert J. Katzenstein, Esquire, SMITH KATZENSTEIN & FURLOW, Wilmington, Delaware.

**SLIGHTS, J.**

## I.

This declaratory judgment action is a state-court companion to multi-district patent litigation pending in the United States District Court for the District of Delaware involving U.S. Patent No. 5,243,627 (the “‘627 patent”). Harris Corporation (“Harris”) is an international communications and information technology company that, *inter alia*, manufactures and sells transmission equipment for digital and HDTV broadcasting. In doing so, it has employed technology that plaintiff, Rembrandt Technologies, L.D. (“Rembrandt”), alleges is covered by its ‘627 patent. As the litigation has evolved, the parties now agree that Rembrandt must grant Harris a license to the ‘627 patent, but they disagree as to the appropriate reasonable and non-discriminatory (“RAND”) terms of such license. Both parties seek a declaration of the Court setting the RAND terms of the license.

Before the Court is Defendant, Harris Corporation’s “Motion to Compel Production of Documents Withheld by Rembrandt Technologies on the Basis of Improper Privilege Claims.” Harris’ motion seeks an order compelling production of 349 documents. Rembrandt withheld all of the documents from production based on claims of attorney-client privilege and/or attorney work product immunity. Furthermore, Rembrandt asserts that 197 of the challenged documents, in addition to the above-claimed protections, are not responsive to pending document requests

because they are not related to the ‘627 patent. Harris disputes the legal predicates upon which Rembrandt’s objections to production rest. Harris’ motion challenges those legal predicates in a broad sense without embarking on a document-by-document remonstrance.

The motion has been fully briefed and presented with oral argument. The Court has conducted an inspection of Rembrandt’s supplemental privilege logs and an *in camera* review of a document singled out by the parties as representative of the universe of documents at issue. The Court finds that Rembrandt’s objections on the grounds of attorney-client privilege, common interest doctrine and work product immunity, at least conceptually, are well founded. Rembrandt’s objection on relevancy grounds need not be addressed given the Court’s ruling on the attorney-client privilege and work product issues. The Court will consider document-by-document challenges to Rembrandt’s objections in keeping with the parameters laid out in this opinion, should Harris file an appropriate motion. For now, Defendant’s motion is **DENIED**.

## **II.**

### **A. The Relationship Between Westerlund/Dowling, Paradyne and Rembrandt.**

In early 2003, Dr. Eric Dowling (“Dowling”) hired Robert Westerlund (“Westerlund”) to act as counsel to his company, Dowling Consulting, Inc., a Florida

Corporation, “in patent and other matters.”<sup>1</sup> Shortly thereafter, Westerlund and Dowling entered a partnership (“Westerlund/Dowling”) “related to the strategic assertion of patents.”<sup>2</sup> Dowling was to act as the “partnership’s technical expert.”<sup>3</sup> Westerlund’s role in the partnership was that of counsel; he was to provide “legal advice on behalf of the partners, as well as the partnership as a whole.”<sup>4</sup>

One of the goals of the Westerlund/Dowling partnership was to “engage in extensive patent mining in order to identify, study, and evaluate unenforced patents and...[to] acquire those patents that [were] deemed valuable, valid, and infringed” for the purpose of enforcement.<sup>5</sup> Alternatively, if the patents could not be acquired, the partnership would “form a joint venture or limited partnership with the patent owner and/or financing partners,” frequently resulting in the creation of “a patent licensing entity,” so that Westerlund/Dowling could “manage the licensing program, including any required litigation and related activities.”<sup>6</sup>

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<sup>1</sup> D.I. 124 at Exhibit A (Westerlund Aff. ¶3, July 28, 2008).

<sup>2</sup> *Id.* at ¶ 4.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* Westerlund is a patent attorney with 28 years of patent litigation, prosecution and counseling experience. *Id.* at ¶¶ 1, 2, 4.

<sup>5</sup> *Id.* at ¶ 4.

<sup>6</sup> *Id.*

In March 2004, Paradyne Corporation (“Paradyne”), a Delaware corporation, and Westerlund/Dowling “entered into a confidentiality and non-disclosure agreement...for the purpose of forming a venture to assert Paradyne’s patent portfolio” (the “Confidentiality Agreement”).<sup>7</sup> Paradyne’s portfolio included, *inter alia*, the ‘627 patent, which was originally issued to AT & T IPM Corp. (“AT & T”) in September, 1993. AT & T assigned the patent to Lucent Technologies, Inc. which, in turn, assigned it to Paradyne. Since 1996, the law firm of Thomas, Kayden, Horstemeyer & Risely, LLP (“TKH & R”) has represented Paradyne “in intellectual property matters, including patent prosecution, licensing, evaluation, guidance and enforcement of its patent portfolio.”<sup>8</sup> Paradyne has “relied heavily on TKH & R for legal advice concerning its patent portfolio and, in particular, its effort to enforce its patent rights through a joint effort with [Westerlund/Dowling] and, later, Rembrandt.”<sup>9</sup>

After entering into the Confidentiality Agreement, Paradyne shared with Westerlund/Dowling “confidential and in some cases privileged [ ] information in connection with [the] patent assertion program”<sup>10</sup> because it was necessary “to

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<sup>7</sup> D.I. 124 at Exhibit B (Bremer Aff. ¶2, July 28, 2008). *See also* Exhibit A (Westerlund Aff. ¶6, July 28, 2008).

<sup>8</sup> D.I. 174 at Exhibit A (Supp. Bremer Aff. ¶3, December 18, 2008).

<sup>9</sup> *Id.*

<sup>10</sup> D.I. 124 at Exhibit B (Bremer Aff. ¶2, July 28, 2008).

advance their shared interest of monetizing Paradyne’s patent portfolio.”<sup>11</sup> Thereafter, both Paradyne and Westerlund/Dowling believed that “the common interest doctrine would apply to any such privileged documents or communications.”<sup>12</sup>

In the following months, Westerlund/Dowling “evaluated Paradyne’s patent portfolio and the information Paradyne provided in connection with the patent monetization plan” by creating “claim charts, PowerPoint presentation slideshows, memoranda, and other . . . materials”<sup>13</sup> which they believed to be protected by attorney-client privilege or work product immunity. A Memorandum of Understanding (“MOU”), signed on August 16, 2004, formalized the arrangement between the two parties.<sup>14</sup> The MOU originally set forth a business model in which a “patent monetization entity” would be created and “own[ed] (at least in part)” by Westerlund/Dowling.<sup>15</sup> Westerlund/Dowling would “manage and direct the assertion activities and Paradyne would provide personnel, equipment, facilities, and other services in support of such activities, with all parties retaining a monetary interest in

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<sup>11</sup> D.I. 124 at Exhibit A (Westerlund Aff. ¶6, July 28, 2008); Exhibit B (Bremer Aff. ¶11, July 28, 2008).

<sup>12</sup> *Id.* As discussed below, the “common interest doctrine” extends the attorney-client privilege to otherwise unprotected communications “by the client or the client’s representative or the client’s lawyer or a representative of the lawyer to a lawyer or representative of a lawyer representing another in a matter of common interest.” DEL. R. EVID. 502(b)(3).

<sup>13</sup> D.I. 124 at Exhibit A (Westerlund Aff. ¶7, July 28, 2008).

<sup>14</sup> D.I. 124 at Exhibit C (Memorandum of Understanding, August 16, 2004).

<sup>15</sup> D.I. 124 at Exhibit A (Westerlund Aff. ¶15, July 28, 2008).

the revenue resulting from the enforcement of the subject Paradyne patents.”<sup>16</sup>

In September of 2004, Westerlund contacted Rembrandt, a New Jersey Limited Partnership engaged in patent enforcement activities, “regarding a possible joint venture relating to the assertion of Paradyne’s patent portfolio.”<sup>17</sup> Prior to exchanging any confidential information, Westerlund, on behalf of Westerlund/Dowling, and John T. Meli (“Meli”), who has served as Rembrandt’s Executive Vice President and Chief Patent Counsel since August of 2004,<sup>18</sup> entered into a Non-Disclosure Agreement in order to safeguard “certain information that need[ed] to be kept under strict confidentiality and need[ed] to be protected as a trade secret....”<sup>19</sup> Based on a belief that Westerlund/Dowling and Rembrandt “shared a common interest in consummation of the deal with Paradyne and enforcement of the patents,” the parties discussed “sensitive aspects of litigation strategy, including damages analysis, venue, specific defendants, and potential outside counsel.”<sup>20</sup>

Rembrandt was interested in the proposed venture, “but instead of adopting the business model set forth in the 8/16/04 MOU, Rembrandt wanted to purchase certain

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<sup>16</sup> D.I. 124 at Exhibit B (Bremer Aff. ¶3, July 28, 2008).

<sup>17</sup> D.I. 124 at Exhibit D (Meli Aff. ¶2, July 25, 2008).

<sup>18</sup> *Id.*

<sup>19</sup> D.I. 124 at Exhibit F (Non Disclosure Agreement, September 27, 2004).

<sup>20</sup> D.I. 124 at Exhibit D (Meli. Aff. ¶¶5-6, July 25, 2004).

of the Paradyne patents and manage and enforce those patents in its name.”<sup>21</sup> Rembrandt’s proposal was implemented in September 2004, when Westerlund/Dowling, Paradyne, and Rembrandt formed a patent assertion team through which Rembrandt would purchase and enforce the Paradyne patents in its own name.<sup>22</sup> Westerlund/Dowling “serve[d] on the assertion Management Committee ... which would manage the licensing and litigation activities of the venture, and [they] also function[ed] as litigation consultants to Rembrandt.”<sup>23</sup> As previously agreed in the MOU, Paradyne “provide[d] access to its inventors and engineers, as well as its equipment and facilities, in support of the litigation effort.”<sup>24</sup> All members of the assertion team retained “a financial interest in any income generated by the assertion program.”<sup>25</sup> Three separate Binding Term Sheets were signed on November 9, 2004, memorializing the agreements between Rembrandt and Paradyne,<sup>26</sup> Rembrandt and Dowling,<sup>27</sup> and Rembrandt and Westerlund.<sup>28</sup>

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<sup>21</sup> D.I. 124 at Exhibit B (Bremer Aff. ¶3, July 28, 2008).

<sup>22</sup> D.I. 124 at Exhibit B (Bremer Aff. ¶7, July 28, 2008).

<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

<sup>26</sup> D.I. 124 at Exhibit G (Binding Term Sheet, November 9, 2004).

<sup>27</sup> D.I. 124 at Exhibit H (Binding Term Sheet, November 9, 2004).

<sup>28</sup> D.I. 124 at Exhibit I (Binding Term Sheet, November 9, 2004).



Rembrandt acquired the ‘627 patent from Paradyne on December 9, 2004.<sup>29</sup> On that same date, Rembrandt and Paradyne also entered into a Confidentiality, Non-Disclosure and Community of Interest Agreement<sup>30</sup> “which reduced to writing the parties’ understanding that they shared and continue[d] to share a common interest in connection with the assertion of Paradyne’s patents and that they anticipate[d] litigation with third parties.”<sup>31</sup> On December 20, 2004, Westerlund and Dowling each entered separate Definitive Agreements with Rembrandt.<sup>32</sup> These agreements delineated Westerlund/Dowling’s “duty to provide litigation consulting with respect to the subject Paradyne patents and to serve on the Management Committee,” and reiterated their retained interest in any “resulting revenues.”<sup>33</sup> To perform their respective roles in the patent assertion effort, “the parties viewed and conducted themselves as a monetization/litigation team” and “freely discussed licensing and litigation strategy, expecting those conversations to be protected by [the] common interest and work product doctrines.”<sup>34</sup>

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<sup>29</sup> D.I. 124 at Exhibit J (Patent Sale Agreement, December 9, 2004).

<sup>30</sup> D.I. 124 at Exhibit K (Confidentiality, Non-Disclosure and Community of Interest Agreement, December 9, 2004).

<sup>31</sup> D.I. 124 at Exhibit B (Bremer Aff. ¶9, July 28, 2008).

<sup>32</sup> D.I. 124 at Exhibits L & M (Definitive Agreements, December 20, 2004).

<sup>33</sup> D.I. 124 at Exhibit A (Westerlund Aff. ¶17, July 28, 2008).

<sup>34</sup> D.I. 124 at Exhibit A (Westerlund Aff. ¶19, July 28, 2008); Exhibit B (Bremer Aff. ¶11, July 28, 2008); Exhibit D (Meli Aff. ¶13, July 25, 2008).

## **B. Procedural Posture of Harris' Motion to Compel**

Harris has moved the Court for an order compelling Rembrandt to produce documents withheld on the basis of attorney-client privilege and work product immunity. The documents Harris seeks to compel involve various communications between representatives of Westerlund/Dowling, Rembrandt, Paradyne, and their respective counsel relating in various degrees to the '627 patent.

The motion was complicated by the fact that the documents at issue “were withheld from production in a prior federal court litigation in Texas between Rembrandt and other parties.”<sup>35</sup> Rembrandt, which is represented by different counsel in this case, initially produced a privilege log to Harris that was prepared by its prior counsel in the Texas litigation. Due to prior Texas counsel’s agreement to “strictly limit [the] disclosure” of withheld documents, however, Rembrandt (through its current counsel) encountered difficulty in securing physical access to these documents.<sup>36</sup> Additionally, Rembrandt (through its current counsel) expressed a concern that access to the documents in question could create a conflict of interest, potentially disqualifying Rembrandt’s current counsel in another matter.<sup>37</sup> Rembrandt

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<sup>35</sup> D.I. 100 at 1 (Letter from Pl.’s Counsel to the Court).

<sup>36</sup> *Id.*

<sup>37</sup> D.I. 110 at 2 (Letter from Pl.’s Counsel to the Court).

resolved these complications by obtaining an order from this Court compelling production of the withheld documents to Rembrandt's Delaware counsel, and then by engaging an outside firm, otherwise uninvolved in this litigation, to review the challenged documents on behalf of Rembrandt for the purpose of determining whether they are subject to privilege. The outside firm, Smith Katzenstein, prepared a privilege log responsive to the document requests at issue here. This privilege log catalogs the withheld documents and describes each document's contents, senders, recipients, and the protections claimed.

As a result of the document review, three (3) of the 349 documents previously withheld from production have now been produced to Harris.<sup>38</sup> Additionally, Rembrandt has removed 197 of the documents from the privilege log as irrelevant, having determined that they pertain to patents not at issue in this litigation.<sup>39</sup> Rembrandt continues to withhold from production 149 purportedly privileged documents, and invokes attorney-client privilege, the common interest doctrine, and work product immunity as to all of the 346 challenged documents.

Harris argues that the withheld documents should be produced in their entirety on several grounds. First, Harris alleges that Rembrandt has offered no basis to justify

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<sup>38</sup> See D.I. 125 at 4 n.2 (Pl.'s Supp. Mem., noting that Documents 1078, 1218, and 1219 have been produced to Harris).

<sup>39</sup> *Id.* at 4; D.I. 110 at 1 (noting that the privilege log originally produced to Harris was compiled in a prior litigation involving four Rembrandt patents, only one of which is at issue in this litigation).

the unilateral removal of the 197 documents it now claims are irrelevant to this litigation. Next, Harris argues that none of the challenged documents are protected by attorney-client privilege (under the common interest doctrine or otherwise) or work product immunity. Even if some of the challenged documents are deemed protected by attorney-client privilege or work product immunity, Harris claims that subsequent disclosure of these documents to third parties constitutes a waiver of those privileges. Lastly, Harris asserts the existence of a particularized need for document 269 in Category 6 of Rembrandt's supplemental privilege log, based on the document's importance to Harris' case and its inability to obtain the information contained in the document from any other source.<sup>40</sup> This document, a November 17, 2004 power point presentation prepared by Westerlund/Dowling and disclosed to Rembrandt,<sup>41</sup> has been submitted to the Court by Rembrandt for *in camera* review.

### **III.**

#### **A. The Applicable Standard of Review**

As a general rule, “parties may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in the pending action...”<sup>42</sup>

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<sup>40</sup> D.I. 137 at 9 (Def.'s Response to Pl.'s Supp. Mem, August 11, 2008).

<sup>41</sup> D.I. 124 at Exhibit P (Rembrandt's Supp. Privilege Log).

<sup>42</sup> DEL. SUP. CT. CIV. R. 26(b)(1).

The party asserting a privilege bears the burden of establishing that documents or communications are, in fact, and as a matter of law, protected by privilege.<sup>43</sup> Therefore, a party who withholds “information otherwise discoverable...by claiming that it is privileged or subject to protection as trial preparation material...shall make the claim expressly and shall describe the nature of the documents, communications, or things not produced or disclosed in a manner that, without revealing information itself privileged or protected, will enable other parties to assess the applicability of the privilege or protection.”<sup>44</sup>

## **B. Attorney Client Privilege**

Rembrandt claims that 325 of the documents on its supplemental privilege log are protected by the attorney-client privilege.<sup>45</sup> In support of this claim, Rembrandt has provided the Court with the affidavits of Westerlund, Meli, and Gordon Bremer (“Bremer”), all detailing the nature of the individual attorney-client relationships enjoyed by Westerlund/Dowling, Paradyne, and Rembrandt, respectively.

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<sup>43</sup>*Moyer v. Moyer*, 602 A. 2d 68, 72 (Del. 1992) (noting that the party asserting confidential communications between an attorney and client are privileged bears the burden of proof). *See also Wolhar v. General Motors*, 712 A.2d 457, 459 (Del. Super. 1997) (stating that the “initital burden of proving the existence of work product privilege” is on the party asserting that privilege); *In re Joy Global, Inc.*, 2008 WL 2435552 at \*4 (D. Del. 2008) (same).

<sup>44</sup> DEL. SUP. CT. CIV. R. 26(b)(5).

<sup>45</sup> The Court notes that Rembrandt simultaneously claims that these documents are also protected from production by work product immunity. This claim will be addressed below.

Harris argues that no relationship exists among any of the parties upon which the attorney-client privilege may be based. Harris contends that, contrary to Rembrandt's insistence, the attorney-client privilege does not attach to communications simply because Westerlund, an attorney, was involved somehow in the communications. In support of this argument, Harris points to the Definitive Agreements between Westerlund, Dowling, and Rembrandt which specifically provide that neither Westerlund nor Dowling would render legal services to Rembrandt, or vice versa.<sup>46</sup> Additionally, Harris argues that the rules governing professional responsibility in each of the three states in which Westerlund is admitted to practice law prohibit him from forming a partnership with a non-lawyer for the purpose of providing legal advice.<sup>47</sup>

The attorney-client privilege, “the oldest of the privileges for confidential communications known to the common law,”<sup>48</sup> recognizes the extraordinary importance of “encourag[ing] full and frank communication between attorneys and their clients.”<sup>49</sup> The privilege allows the attorney and client to “predict with some

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<sup>46</sup> D.I. 124 at Exhibits L & M (Definitive Agreements, December 20, 2004).

<sup>47</sup> CA. RULES OF PROF'L CONDUCT R. 1-310; LA. RULES OF PROF'L CONDUCT R. 5.4(b); VA. CODE OF PROF'L RESPONSIBILITY DR 3-103(A).

<sup>48</sup> *Upjohn Co. v. United States*, 449 U.S. 383, 389 (1981) (citing 8 J. Wigmore, Evidence § 2290 (McNaughton rev. 1961)).

<sup>49</sup> *Upjohn Co. v. United States*, 449 U.S. 383, 389 (1981).

degree of certainty whether particular discussions will be protected.”<sup>50</sup> The attorney-client communications of a party who establishes a valid privilege are afforded “absolute and complete protection from disclosure.”<sup>51</sup> Strict adherence to this rule is justified because “[a]n uncertain privilege, or one which purports to be certain but results in widely varying applications by the courts, is little better than no privilege at all.”<sup>52</sup>

As noted previously, the party asserting attorney-client privilege bears the burden of establishing each of its necessary elements.<sup>53</sup> The party must show that a communication was made (1) for the purpose of seeking, obtaining or delivering legal advice, (2) between privileged persons, and (3) that confidentiality was intended.<sup>54</sup> Unlike the work product doctrine, discussed below, the attorney-client privilege is not premised on a requirement that the communications between the attorney and client occur “in anticipation of litigation.” In other words, it is “well established that the

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<sup>50</sup> *Id.*, 449 U.S. at 396.

<sup>51</sup> *Hanson v. United States*, 372 F.3d 286, 291 (4th Cir. 2004) (quoting *In re Allen*, 106 F.3d 582, 600 (4th Cir.1997)).

<sup>52</sup> *Upjohn*, 449 U.S. at 396.

<sup>53</sup> *Continental Casualty Co.*, 1994 WL 682320 at \*3 (citing *Hoechst Celanese v. National Union*, 623 A.2d 1118, 1122 (Del. Super. 1992)).

<sup>54</sup> *Id.*

attorney-client privilege is not limited to actions taken and advice obtained in the shadow of litigation.”<sup>55</sup> Having said this, the party asserting privilege must demonstrate that the circumstances surrounding the communication indicate that the client “reasonably expect[ed]”<sup>56</sup> confidentiality, as “the protection does not extend to a communication which cannot be properly said to be termed the subject of a confidential disclosure.”<sup>57</sup> Under the Delaware Rules of Evidence, a communication is considered confidential when disclosure to third parties is not intended, “other than those to whom disclosure is made in furtherance of the rendition of professional legal services to the client or to those reasonably necessary for the transmission of the communication.”<sup>58</sup>

It follows, then, that not all communications between an attorney and client will be privileged. For example, “the presence of a lawyer at a business meeting called to consider a problem that has legal implications does not itself shield the communications that occur at that meeting.”<sup>59</sup> Something more than the mere

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<sup>55</sup> *In re Regents of the Univ. of Cal.*, 101 F.3d 1286, 1390 (9<sup>th</sup> Cir. 1996).

<sup>56</sup> *Continental Casualty Co.*, 1994 WL 682320 at \*3.

<sup>57</sup> *Moyer v. Moyer*, 602 A.2d 68, 72 (Del. 1992).

<sup>58</sup> DEL. R. EVID. 502(a)(2) (2008). *See Teleglobe Commc’ns Corp. v. BCE Inc.*, 493 F.3d 345, 361 (3d Cir. 2007) (noting that “if a client subsequently shares a privileged communication with a third party, then it is no longer confidential and the privilege ceases to protect it.”).

<sup>59</sup> *Re SIPCA Holdings S.A. v. Optical Coating Lab.*, 1996 WL 577143 at \*2 (Del. Ch).



presence of counsel is required; counsel must “infuse” the communication with legal advice.<sup>60</sup> Stated differently, the attorney-client privilege is properly invoked when “the attorney is ‘acting as a lawyer’ giving advice with respect to the legal implications of a proposed course of conduct.”<sup>61</sup>

The affidavits of Meli, Westerlund, and Bremer demonstrate the existence of an attorney-client relationship between the following pairings: Dowling and Westerlund; Meli and Rembrandt; and attorneys from the THK & R firm and Paradyne. Therefore, communications between each of these pairings that were intended to be confidential and made for the purposes of seeking or delivering legal advice are privileged.<sup>62</sup>

The Court acknowledges the general proposition that the mere presence of an attorney will not convert an otherwise unprivileged communication into a privileged

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<sup>60</sup> *In re Ford Motor Co.*, 110 F.3d 954, 966 (3<sup>d</sup> Cir. 1997).

<sup>61</sup> *Hercules v. Exxon Corp.*, 434 F.Supp. 136, 147 (D. Del. 1977) (citing *Burlington Ind. v. Exxon Corp.*, 65 F.R.D. 26 (D. Md. 1974)).

<sup>62</sup> Harris’ argument that Westerlund’s role as legal counsel on behalf of the consulting partnership was in violation of the rules governing attorney professional conduct is without merit. The rules in each of the jurisdictions in which Westerlund is admitted to practice clearly permit a lawyer to take on the role of “corporate counsel,” representing an organization as a whole. *See* CA. RULES OF PROF’L CONDUCT R. 3-600; LA. RULES OF PROF’L CONDUCT R. 1.13; VA. RULES OF PROF’L CONDUCT R. 1.13. The Court is also unpersuaded by Harris’ argument that the sections in the Definitive Agreements disclaiming the provision of legal services between the parties support the notion that an attorney-client relationship did not exist as between the pairings discussed above. Rembrandt makes no claim that the attorney-client privilege attaches to Westerlund’s provision of legal services directly to either Rembrandt or Paradyne.

communication. But the general proposition is not dispositive here. The case law is equally clear that a request for legal advice need not be express, and an “incidental request for business advice” made in conjunction with a communication “primarily...soliciting legal advice” does not destroy the attorney-client privilege.<sup>63</sup>

This is because, as may well be true in the current case,

business and legal advice may often be inextricably interwoven. A single proposed course of conduct such as patenting and licensing of an invention will have both legal and business ramifications, and the lawyer may advise as to both in a single communication.”<sup>64</sup>

Indeed, “communications with respect to patent prosecution or litigation matters may be protected regardless of whether the attorney is outside counsel, ‘house’ counsel or patent department counsel.”<sup>65</sup>

Based on the foregoing, the Court is satisfied that Rembrandt has established a sufficient factual predicate for its assertion that an attorney-client relationship existed between the pairings, as identified herein, such that a claim of privilege can be advanced. At this time, the Court will not undertake the task of sifting through the several hundred documents listed on Rembrandt’s privilege log to determine whether the attorney-client privilege applies to each document. Neither party has requested

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<sup>63</sup> *Hercules*, 434 F.Supp. at 147.

<sup>64</sup> *Id.*

<sup>65</sup> *Id.* at 143.

that the Court undertake this exercise, and the Court sees no reason to do so at this time without further direction and guidance from the parties.

### **C. The Common Interest Doctrine**

The vast majority of documents on Rembrandt's privilege log were shared not only among the attorney-client pairings discussed above, but also were later shared with representatives and/or attorneys of Rembrandt, Paradyne, and Westerlund/Dowling.<sup>66</sup> Rembrandt claims that these challenged documents maintain their attorney-client privilege protection because they were exchanged among the parties in order to further a common legal interest: the enforcement and exploitation of Paradyne patents. Therefore, Rembrandt urges the Court to apply the common interest doctrine, effectively extending the protections afforded by the attorney-client privilege to documents shared among members of the community of interest. Harris, on the other hand, argues that any underlying attorney-client privilege which may have been demonstrated by Rembrandt as among the attorney-client pairings was

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<sup>66</sup> The Court takes note of Harris' argument that "[g]eneric references to Paradyne and Rembrandt as recipients of documents authored by Westerlund or Dowling do not allow Harris, or the Court, to properly evaluate its assertion of privilege." D.I. 173 (Letter to Court from Harris, December 18, 2008). In fact, Rembrandt begins its supplemental privilege log with a list of relevant individuals in each organization. *See* D.I. 124 at Exhibit P. For example, individuals acting as representatives of Rembrandt include John Meli, Esq.; Cassandra McCloskey; Eric Brooks; Harris London; and Paul Schneck. *Id.* The Court reads references in the privilege log citing generally to Rembrandt or Paradyne to include *all of those individuals* listed as representatives on the privilege log. Indeed, communications that involve only some of these individuals list them as separate recipients, such as document 946, which was authored by Robert Westerlund, Esq., and received only by three Rembrandt representatives—Cassandra McCloskey, John Meli, Esq., and Paul Schneck. *Id.*

waived when communications included third parties, or were subsequently disclosed to third parties. In addition, Harris contends that no common interest can exist among Rembrandt, Westerlund/Dowling, and Paradyne prior to the memorialization of the parties' agreements by written contract. Finally, Harris contends that the parties can claim no common legal interest as they were merely involved in and communicating about a proposed business arrangement.

Ordinarily, disclosure of confidential attorney-client communications to a third party constitutes a waiver of the attorney client privilege.<sup>67</sup> For example, "a statement or communication made by a client to his attorney with the intent and purpose that it be communicated to others is not privileged"<sup>68</sup> because this "signals that the client did not intend to keep the communication secret."<sup>69</sup> The so-called common interest doctrine, however, as set forth by the Delaware Rules of Evidence, recognizes that a client has a privilege to protect from disclosure confidential communications

made for the purpose of facilitating the rendition of professional legal services to the client by the client or the client's representative or the client's lawyer or a representative of the lawyer to a lawyer or a representative of a lawyer representing another in a matter of common interest.<sup>70</sup>

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<sup>67</sup> *Fresenius Medical Care Holdings v. Roxane Labs.*, 2007 WL 89059 at \*1 (S.D. Ohio).

<sup>68</sup> *Moyer*, 602 A.2d at 72.

<sup>69</sup> *Teleglobe Commc'ns Corp. v. BCE Inc.*, 493 F.3d 345, 361 (3d Cir. 2007).

<sup>70</sup> DEL. R. EVID. 502(b)(3) (2008).

Under the common interest doctrine, when a “third party and the privilege holder are engaged in some type of common enterprise and the legal advice relates to the goal of that enterprise...the parties are permitted to share privileged information without a waiver occurring.”<sup>71</sup> Evidence that the parties’ legal interests are “substantially similar” is sufficient to invoke the common interest doctrine.<sup>72</sup>

In this case, the Court finds that the common legal interest binding Rembrandt, Paradyne, and Westerlund/Dowling was their agreement to enforce and exploit the Paradyne patents through litigation. The affidavits of Meli, Westerlund, and Bremer, in addition to the numerous contracts and agreements entered by Rembrandt, Paradyne, and Westerlund/Dowling clearly document the parties’ intent that their communications be kept confidential. The affidavits aver that the parties intended to establish a “common interest” within which their communications would be protected by the attorney-client privilege.<sup>73</sup> Although some of the communications at issue took place before some of the written confidentiality agreements were signed, the Court

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<sup>71</sup> *Fresenius*, 2007 WL 895059 at \*1.

<sup>72</sup> *See Teleglobe*, 493 F.3d at 365; *In re Regents of the University of California*, 101 F.3d 1386, 1390 (9<sup>th</sup> Cir. 1996).

<sup>73</sup> *Id.* The Court notes, however, that the common interest doctrine, under these circumstances, “extends only to communications relating to the prosecution and litigation of the patents, and not to those communications relating to the parties’ rights among themselves in the patents.” *See Baxter Travenol Labs., Inc. v. Abbott Labs.*, 1987 WL 12919 at \*2 (N.D. Ill. June 19, 1987). Therefore, any communications in which the parties’ are negotiating their rights and relationships to each other are not be protected, as the parties’ interests would have been adverse rather than common.

rejects Harris’ contention that no common legal interest may exist prior to the execution of written documents between the parties. A confidentiality agreement underlying a common interest claim need not be in writing; an “oral agreement...later memorialized in writing,” as occurred here, can provide the platform upon which the common interest can rest.<sup>74</sup>

Harris suggests that the common interest doctrine is inapplicable in this case because many of the challenged communications were shared directly between community members, instead of through their respective attorneys, thus waiving the attorney-client privilege. In response, Rembrandt contends that when each member of the community of interest is separately represented by (and is under the close supervision of) legal counsel, the common interest doctrine allows at least limited client-to-client communications regarding matters of common legal interest. The Court agrees.

While it is true that courts have suggested, in certain circumstances, that direct communications among members of the community of interest may destroy the privilege,<sup>75</sup> Harris has offered no principled reason why, in this case, “persons who

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<sup>74</sup> See *American Legacy Foundation v. Lorillard Tobacco Company*, 2004 WL 2521289 at \*3 (Del. Ch.).

<sup>75</sup> See e.g. *Teleglobe*, 493 F.3d at 364-65 (indicating that a member’s “sharing information directly with [another] member of the community *may* destroy the privilege.”) (emphasis supplied).

share a common interest in litigation should [not] be able to communicate with their respective attorneys and with each other to more effectively prosecute or defend their claims.”<sup>76</sup> Simply stated “[a] privileged communication should not lose its protection if an executive relays legal advice to another who shares responsibility for the subject matter underlying the consultation.”<sup>77</sup> In the absence of any reason to impose a restriction on communications between members of the community of interest, “it seem[s] [unecessarily] burdensome to require that the ‘decision makers’ within the community of interest cannot communicate with each other regarding legal advice they received from their attorneys, but must [instead] funnel those communications through the attorneys.”<sup>78</sup>

The Court finds that separately represented clients sharing a common legal

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<sup>76</sup> *In re Grand Jury Subpoenas*, 902 F.2d 244, 249 (4<sup>th</sup> Cir. 1990). The Fourth Circuit has also addressed the existence of attorney client-privilege in a situation where, as here, a party hires a consultant who is also an attorney. *See Hanson*, 372 F.3d at 291. In that case, the existence of an attorney-client relationship was challenged on the ground that the attorney was “not retained as a lawyer, but rather as a construction consultant to observe dispute negotiations.” *Id.* While the consultant “was educated as an engineer and had extensive experience in many facets of the construction industry,” it was also clear that he was a lawyer, held bar membership in several states, and had “extensive experience in dispute resolution and other law-related tasks.” *Id.* The court found that the consultant was clearly retained due to his “unique combination of skills” as “a lawyer who could bring both his legal...and construction expertise to the job.” *Id.* The court reasoned that a lawyer may wear multiple hats, and concluded that the “view that a lawyer may be only that—and nothing more—is too insular for an interconnected world.” *Id.*

<sup>77</sup> *SCM Corp. v. Xerox Corp.*, 70 F.R.D. 508, 518 (D. Conn. 1976) (citing *Sylgab Steel & Wire Corp. v. Imoco-Gateway Corp.*, 62 F.R.D. 454, 456 (N.D. Ill. 1974)).

<sup>78</sup> *IBJ Whitehall Bank & Trust Co. v. Cory & Assoc., Inc.*, 1999 WL 617842 (N.D. Ill.).

interest may, at least in certain situations and under the close supervision of counsel, communicate directly with one another regarding that shared interest. In this case, Rembrandt, Paradyne, and Westerlund/Dowling each were represented by separate counsel. The supplemental privilege log seems to reflect that the majority of communications involved counsel for at least one of the parties as either a recipient or sender.<sup>79</sup> Conversely, it appears that the minority of documents were shared directly between community members, without involvement of counsel.<sup>80</sup> The Court already has determined that the parties share a common legal interest in the exploitation and enforcement of the '627 patent. In addition, the Court has determined that valid attorney-client relationships between the parties and their respective legal counsel support an underlying privilege. The Court is satisfied that this privilege may be extended to communications among the community of interest if the communications relate to that common interest. The Court has not yet taken this broader holding and applied it to each of the hundreds of documents in the privilege log. If Harris is of the view that certain documents fall outside of the parameters discussed herein, it may seek to compel production of such documents in a separate motion.

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<sup>79</sup> For example, document 1206.

<sup>80</sup> For example, document 420.



## **D. The Work Product Doctrine**

Rembrandt contends that the work product doctrine protects 344 of the challenged documents. Harris, however, argues that the work product doctrine does not apply because Rembrandt has failed to identify any specific litigation for which the documents were prepared.

The work product doctrine safeguards the “adversary system of litigation by assuring an attorney that his private file shall, except in unusual circumstances, remain free from the encroachments of opposing counsel.”<sup>81</sup> Despite the underlying similarities between the attorney-client privilege and the work product doctrine, the latter is “distinct from and broader than the attorney-client privilege.”<sup>82</sup> Unlike the attorney-client privilege, which must be asserted by the client, “the right to assert the work product barrier to disclosure belongs in large part to the attorney...[and] afford[s] additional protection...from unfair disclosure.”<sup>83</sup>

The privilege afforded by the work product doctrine is limited by “the requirement that the document be prepared ‘with an eye toward litigation.’”<sup>84</sup> Thus,

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<sup>81</sup> *Bristol-Myers Co. v. Sigma Chemical Co.*, 1988 WL 147409 at \*2 (D. Del. 1988).

<sup>82</sup> *E.I. Du Pont De Nemours & Co. v. Admiral Ins. Co.*, 1992 WL 423944 at \*3 (Del. Super.) (internal citations omitted).

<sup>83</sup> *Du Pont*, 1992 WL 423944 at \*3 (internal citations omitted).

<sup>84</sup> *Hercules*, 434 F.Supp. at 151-52. *See also Pfizer Inc. v. Ranbaxy Labs. Ltd.*, 2004 WL 2323135 at \*2 (D. Del.)(same).

on the one hand, the doctrine does not encompass “[r]outine business records and other materials gathered in the ordinary course of business” and, accordingly, such documents are “not protected from discovery by an opposing party.”<sup>85</sup> On the other hand, the doctrine affords nearly absolute protection to “mental impressions, conclusions, opinions or legal theories of an attorney concerning litigation, and all documents prepared by or for an attorney in anticipation of litigation.”<sup>86</sup>

Harris has argued that in order for the work product doctrine to apply, Rembrandt must point to specific litigation anticipated at the time of the communication. This assertion is incorrect. The protection afforded by the work product doctrine is “not limited to materials prepared in anticipation of the [specific] litigation for which the materials are sought.”<sup>87</sup> In fact, application of the “work product immunity ‘does not require the existence of an actual pending lawsuit, but only that materials be written specifically in preparation for threatened or anticipated litigation.’”<sup>88</sup> If “the primary concern of the attorney is with claims which would

<sup>85</sup> *Wolhar v. General Motors Corp.*, 712 A.2d 457, 462 (Del. Super. 1997).

<sup>86</sup> *Baxter v. Travenol Labs., Inc. v. Abbott Labs.*, 1987 WL 12919 at 10 (N.D. Ill.) (citing *Schachar v. American Academy of Ophthalmology, Inc.*, 106 F.R.D. 187, 191 (1985)).

<sup>87</sup> *In re Sutton*, 1996 WL 659002 at \*14 (Del. Super.) (quoting *Hercules*, 434 F.Supp. at 151)).

<sup>88</sup> *Zirn v. VLI Corp.*, 1990 WL 119685 at \*10 (Del. Ch.) (quoting *Riggs Nat’l Bank of Washington D.C. v. Zimmer*, 355 A.2d 709, 715 (Del. Ch. 1976)). See also *Wolhar.*, 712 A.2d at 462 (finding that the “anticipation of litigation” requirement has been upheld even when no specific future litigation is identified but documents were prepared “for current and pending litigation as well as the prospect of similar litigations in the immediate future.”).

potentially arise in future litigation,”<sup>89</sup> or if “the documents reflect the collection of information with respect to historical fact relating to a potential claim that is actually considered in connection with that research activity,” then the work product immunity will apply.<sup>90</sup>

With respect to patents in particular, the work product doctrine’s “anticipation of litigation” requirement has been held applicable to:

preliminary drafts of legal documents, license agreements and/or assignments, opinion letters and background memoranda with respect to the scope and validity of patents and patent applications, attorney’s analysis or assessments of a party’s position with respect to other parties in an ongoing interference, and the intra-office or file notes and memoranda containing summaries of conferences, legal research and comments on technical information, prepared by outside patent counsel or patent department attorneys in connection with an interference.<sup>91</sup>

Additionally, as long as documents are prepared in anticipation of litigation, the work product doctrine may be applied “to documents prepared by non-attorneys”<sup>92</sup> or to “documents prepared...at counsel’s direction.”<sup>93</sup>

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<sup>89</sup> *Hercules*, 434 F.Supp. at 152.

<sup>90</sup> *Carlton Investments v. TLC Beatrice Int’l Holdings*, 1996 WL 535407 at \*3 (Del. Ch.).

<sup>91</sup> *Hercules*, 434 F.Supp. at 151 (citations omitted).

<sup>92</sup> *U.S. Bank Nat’l Ass’n v. U.S. Timberlands Klamath Falls, L.L.C.*, 2005 WL 5775760 (Del. Ch.) (citations omitted).

<sup>93</sup> *Pfizer, Inc. v. Ranbaxy Labs. Ltd.*, 2004 WL 2323135 at \*2 (D. Del.).

Rembrandt has asserted that all of the communications at issue were created in anticipation of litigation and constitute protected work product. In fact, many of the communications appear to contain litigation strategy (*e.g.* document 1117) attorney mental impressions (*e.g.* document 119) and legal conclusions (*e.g.* document 247). Such documents enjoy a near absolute protection from discovery. At this time, as Harris has failed to demonstrate a “substantial need” for such documents, the Court finds that Rembrandt has met its burden of establishing work product immunity as to these and similarly described documents.<sup>94</sup> It is unclear, however, whether some of the documents Rembrandt claims are protected by the work product doctrine were prepared in anticipation of litigation (*e.g.* document 1129, an “[e]mail regarding cable modem suppliers” sent from Robert Westerlund to John Meli).<sup>95</sup> Here again, the Court will await further, more document-specific applications from the parties before engaging in a document-specific analysis of the work product immunity.

#### **E. Document #269**

Harris has asserted a “particular need” for Document 269, which has been submitted to the Court for *in camera review*.<sup>96</sup> Harris contends that Document 269 is

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<sup>94</sup> *In re Sutton*, 1996 WL 659002 at \*14 (Del. Super.) (citations omitted).

<sup>95</sup> D.I. 124 at Exhibit P (Rembrandt’s Supplemental Privilege Log).

<sup>96</sup> D.I. 137 at 9 (Def.’s Response to Pl.’s Supp. Mem, August 11, 2008).

the only document that will allow it to assess how Rembrandt valued the ‘627 patent prior to its acquisition. Without access to this document, Harris claims that “Rembrandt will be in the position of being able to say anything it wants about how it valued the patent, and what it knew about the patents when it purchased them.”<sup>97</sup>

Rembrandt has claimed that the document is protected by both attorney-client privilege and the work product immunity. The document is described on Rembrandt’s privilege log as a “PowerPoint slide regarding litigation strategy reflecting legal advice and legal conclusions regarding scope and applicability of patents prepared in anticipation of litigation.”<sup>98</sup> Upon examination of this document, the Court finds that it is, indeed, protected by attorney-client privilege, the common interest doctrine, and the work product doctrine. First, the document was prepared by Robert Westerlund and Eric Dowling, parties whom the Court already has determined enjoy an attorney-client relationship due to Westerlund’s role as in-house counsel on behalf of the partnership. Next, this document was disclosed to Rembrandt, a party whom the Court has determined shares a common legal interest with Westerlund/Dowling due to Rembrandt’s representation by counsel, Meli, and the parties’ “substantially

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<sup>97</sup> D.I. 137 at 9-10 (Def.’s Response to Pl.’s Supp. Mem, August 11, 2008).

<sup>98</sup> D.I. 124 at Exhibit P (Rembrandt’s Supplemental Privilege Log).

similar”<sup>99</sup> interests in the exploitation and enforcement of the ‘627 patent through litigation. The document, on its face, evidences an intent by its authors that the contents remain confidential. And it contains legal advice that is inextricably woven within the fabric of the business analysis also contained therein. Under these circumstances, Harris’ purported need for the document cannot overcome a valid claim of attorney-client privilege.<sup>100</sup>

It also appears to the Court that this document was prepared in anticipation of litigation (specific litigation at that) and contains the type of attorney mental impressions and litigation strategies which, as discussed above, are afforded nearly absolute protection from discovery under the work product doctrine. In order for Harris to overcome Rembrandt’s work product claim over this document, “substantial need,” not “particular need,” must be demonstrated. A “lessened ability” to proceed in a case or an inability to obtain the documents from another source does not meet this high standard.<sup>101</sup> Likewise, Harris’ conclusory allegations that Rembrandt will now be “able to say anything it wants about how it valued that patent” do not establish the substantial need required to overcome a valid claim of work product immunity.

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<sup>99</sup> *Teleglobe*, 493 F.3d at 365.

<sup>100</sup> *Hanson*, 372 F.3d at 291.

<sup>101</sup> *In re Sutton*, 1996 WL 659002 at \*14 (Del. Super.).

As such, Harris' motion to compel this document must fail.

#### **IV. CONCLUSION**

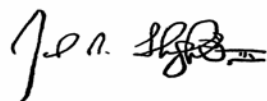
The Court has found that Rembrandt has established attorney-client relationships upon which claims of attorney-client privilege may properly be asserted. The Court also has found that Rembrandt has established a "common interest" upon which it may properly argue that certain disclosures of privileged information to third parties will not constitute a waiver of the privilege. Finally, the Court has determined that certain descriptions of broad categories of documents on Rembrandt's privilege log reveal a basis to find that the documents are protected by the work product immunity.<sup>102</sup> The Court has not been given adequate information to conduct a document-by-document analysis, has not been asked to do so by either party, and has not done so.

For all of the foregoing reasons, Defendant's Motion to Compel Production of Documents Withheld by Rembrandt Technologies on the Basis of Improper Privilege Claims is hereby **DENIED**.

**IT IS SO ORDERED.**

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<sup>102</sup> Because all of the 197 documents removed from the Rembrandt privilege log on the basis of relevancy also are alleged to be protected from production by privilege, the Court need not address the relevancy arguments at this time.

A handwritten signature in black ink, appearing to read "J. R. Slights, III". The signature is stylized with a large initial "J" and a prominent "R".

Judge Joseph R. Slights, III

Original to Prothonotary